



Agenda Date: 9/13/00

Agenda Item: 7-A

**STATE OF NEW JERSEY**

***Board of Public Utilities***

*Two Gateway Center*

*Newark, NJ 07102*

**CABLE TELEVISION**

**ORDER ADOPTING  
INITIAL DECISION**

IN THE MATTER OF APPLICATION OF )  
AT&T CABLE SERVICES OF NEW )  
JERSEY-(AVALON SYSTEM) FILING )  
FCC FORM 1240 TO UPDATE THE )  
BASIC CABLE TELEVISION RATE FOR )  
INFLATION AND CHANGES IN )  
EXTERNAL COSTS )

BPU DOCKET NO. CR99100762

OAL DOCKET NO. CTV 8876-99

**SERVICE LIST ATTACHED**

**BY THE BOARD:**

On October 1, 1999, AT&T Cable Services of New Jersey-Avalon System ("AT&T") filed FCC Form 1240 with the Board of Public Utilities ("Board") for the purpose of adjusting Maximum Permitted Rates ("MPR") for basic service.

The Board is the local franchising authority in New Jersey and is certified to regulate basic service rates and associated equipment and installation charges.

FCC Form 1210 is the form used by cable operators to update their rates for regulated basic and cable programming services ("CPS") tiers pursuant to the FCC's revised benchmark rules, Second Order on Reconsideration..., MM Docket No. 92-266 (March 30, 1994). In the Order, the FCC also established a "going-forward" mechanism to govern future rate adjustments resulting from channel changes, external costs and inflation adjustments. Under the going-forward methodology, cable operators are permitted to adjust their regulated rates for basic and CPS tiers on a quarterly basis using FCC Form 1210.

To ease the administrative burdens associated with the quarterly filing of FCC 1210 forms, on September 15, 1995, the FCC developed Form 1240 to be used as an optional annual rate adjustment methodology. While use of Form 1210 involves a review of past costs, the Form 1240 approach includes a projection of costs for the coming year with reconciliation at the end of the year to account for over and under estimates when compared to actual costs for the same period.

Cable operators who choose the Form 1240 methodology can adjust their rates once per year to reflect quantified changes in external costs, inflation and the number of regulated channels that are projected for the 12 months following the rate change.

AT&T owns and operates a cable television system located in Cape May County and serves approximately 10,360 subscribers in Avalon Borough, Middle Township, Sea Isles City, Stone Harbor Borough and Upper Township.

On October 8, 1999, the above filing was transmitted to the Office of Administrative Law (OAL) for determination and initial disposition as a contested case pursuant to N.J.S.A. 52:14B-1 et seq. and N.J.S.A. 52:14F-1 et. seq. The matter was assigned to Administrative Law Judge ("ALJ") Louis G. McAfoos for the purpose of establishing hearing dates.

On January 19, 2000, a pre-hearing conference was held and attended by AT&T, the Division of Ratepayer Advocate ("Advocate") and the Office of Cable Television (OCTV) (collectively, the "Parties"). The preliminary hearing for these filings was set for March 21 and March 22, 2000.

On March 9, 2000, the Parties began settlement discussions. Thereafter ALJ McAfoos adjourned the hearing scheduled for March 21 and March 22, 2000.

On August 22, 2000, after extensive discovery and a series of negotiations, the Parties reached an agreement of settlement.

On September 1, 2000, ALJ McAfoos filed his Initial Decision with the Board. In his Initial Decision, Judge McAfoos recommended that the Board approve and adopt the Settlement Agreement.

ALJ McAfoos found the Settlement to be voluntary, consistent with the law and fully disposed of all issues in controversy. The ALJ therefore concluded that the Settlement met the requirements of N.J.S.A 1:1-19.1.

AT&T-Avalon notified its customers of the rate change by way of newspaper announcements informing them of their opportunity to submit written comments to ALJ McAfoos for a period of thirty days (30) commencing on July 12, 2000. As of August 12, 2000, no comments were received.

Under the terms of the Stipulation of Settlement, AT&T's Basic Service MPR increases from \$9.82 to \$10.00, exclusive of franchise and regulatory fees for the period from January 1, 2000 through December 31, 2000, which results in an increase of \$.18 per month.

After careful review and consideration, the Board FINDS that the Stipulation of Settlement is fair and reasonable, not contrary to the public interest and in accordance with the law.

Therefore, the Board HEREBY ADOPTS the Initial Decision and the Stipulation of Settlement in their entirety, incorporating the terms thereof into this final decision, as if fully set forth at length herein.

DATED: September 15, 2000

BOARD OF PUBLIC UTILITIES  
BY:

(signed)

HERBERT H. TATE  
PRESIDENT

ATTEST:

(signed)

CARMEN J. ARMENTI  
COMMISSIONER

(signed)

FRANCES L. SMITH  
SECRETARY

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